



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON, ACTING DIRECTOR

LINDA A. WATTERS
COMMISSIONER

May 19, 2006

TO: Deferred Presentment Applicant/Licensee

RE: June 1, 2006 License Requirement Date and Deferred Presentation
Transaction Record Maintenance Prior to Database Implementation

1) June 1, 2006 License Requirement Date

Entities expecting a deferred presentment license effective June 1, 2006 were required to submit a completed application to be received by the Office of Financial and Insurance Services (OFIS) no later than March 31, 2006 (see OFIS Bulletin 2005-19-CF). Entities that did not submit a complete application to the Office of Financial and Insurance Services on or before March 31, 2006 and do not receive a license certificate effective June 1, 2006 may not engage in the business of providing deferred presentment service transactions beginning June 1, 2006.

Applications received by OFIS on or before March 31, 2006 are currently being investigated by OFIS staff. Applicants that warrant licensure will be issued appropriate license certificates with an effective date of June 1, 2006 on or before June 1, 2006. Denial notices will be issued to applicants that do not meet the requirements of the Deferred Presentment Service Transactions Act, PA No. 244 of 2005 (Act).

Section 11 of the Act states:

“(1) Subject to subsection (2), a person shall not engage in the business of providing deferred presentment service transactions after June 1, 2006 without a license under this act. A separate license is required for each location from which the business of providing deferred presentment service transactions is conducted.”

And,

“(4) A person may continue to engage in the business of providing deferred presentment service transactions in this state after June 1, 2006 and without a license until 1 of the following occurs:

- (a) The person fails to meet its applications deadline.
- (b) The commissioner acts on the person's complete application.”

2) Deferred Presentation Transaction Record Maintenance Prior to Database Implementation

Section 22 of the Act states:

“(1) On or before December 31, 2006, the commissioner shall develop, implement, and maintain a statewide, common database that has real-time access through an internet connection, is accessible at all time to licensees, and to the commissioner for purposes of subsections (10) and (11), and meets the requirements of this section. Before the commissioner determines that the database is fully operational for the purposes of this act, for at least 30 days the database provider shall operate a pilot program of the database to test all of the processes of the database. The database provider shall make the pilot program available to all applicants and licensees. During the 30-day period that begins on the date the commissioner determines that the database is fully operational, the commissioner shall not approve the imposition of any database verification fees under section 34(5).”

It was anticipated that the database described in Section 22 of the Act would be operational on June 1, 2006, therefore eliminating the need for a licensee to maintain transaction records in a manner separate from the third party database. However, because of delays in the contractual arrangement between the State of Michigan and an approved third party database provider, a June 1, 2006 date is not feasible.

Section 20(3) states:

“(3) If the commissioner has not implemented a database under section 22 or the database described in that section is not fully operational, as determined by the commissioner, a licensee shall do all of the following:

(a) Provide an annual written report of its business operations, including business volume and other information on the business of providing deferred presentment service transactions.

(b) Every February 1, May 1, August 1, and November 1, report to the commissioner on a form prescribed by the commissioner all of the following:

(i) The number of customers who during the preceding calendar quarter notified the licensee of a violation of this act.

(ii) A breakdown of the number of times the licensee agreed that a violation of this act occurred and the number of times that the licensee did not agree that a violation occurred.

(iii) If the licensee agreed that the violation occurred, the amount of restitution that was paid to any customer under this act.

(iv) Any other information the commissioner considers necessary under this act.”

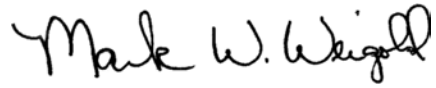
Upon implementation of the third party database provider, you will be given instructions for uploading your deferred presentment transactions. It is advised that you retain the following in an electronic format (example: Excel spreadsheet) to maintain your deferred presentment transactions.

Customer Information	
Customer SSN	Required unless Alien ID provided. Either SSN or Alien ID is required.
Customer Alien ID	Optional unless SSN is not provided. Either SSN or Alien ID is required.
Customer First Name	Required for all transactions.
Customer Middle Name	Optional.
Customer Last Name	Required for all transactions.
Customer Street Address	Required for all transactions.
Customer Street Address Line 2	Optional.
City	Required for all transactions.
State	Required for all transactions.
Zip	Required for all transactions.
Drivers License Number	Required unless Personal ID Number is provided.
Drivers License State	Required if Drivers License Number is provided.
Personal ID Number	Required unless Drivers License Number is provided.
Personal ID State	Required if Personal ID Number is provided.
Customer Phone Number	Optional.
Customer E-mail	Optional.
Customer Date of Birth	Optional.
Transaction Information	
License ID	Required for all transactions. License ID of the store that initiated the transaction.
Transaction Status	Required for all transactions. OPEN (currently outstanding) or CLOSED.
Agreement Date	Required for all transactions. Must not be in the future.
Due Date	Required for all transactions. Must be after Agreement Date.
Extended Due Date	Optional. If included must be after Due Date.
Advance Amount	Required for all transactions.
Advance Fee	Required for all transactions.
Database Fee	Required for all transactions. Cannot exceed \$0.45.
Payment Method	Required. If status is OPEN or CLOSED then allowable values are Check, ACH, Cash, Wage Assignment, or Bad Debt. Also, Administrative is allowed if CLOSED for violation. (Administrative closes for Rescinds and Entry Errors should NOT

	be loaded.)
Check Number	Check number of customer check used as a basis for the transaction. Required if agreement date is on or after June 1, 2006. Otherwise, optional.
Funds Disbursement Method	Required for all transactions. Valid values are "C" (Cash), "N" (Not Cash, e.g., Stored value card, ACH, etc.), OR "B" (Both).
Close Date	Required if transaction is CLOSED, otherwise must be blank. If included must be on or after agreement date and cannot be future date.
Return Date	Optional. Must be after Agreement Date and not a future date. Date customer check or ACH was initially returned unpaid.
Return Fee	Required if Return Date provided. Fee charged customer for returned check or ACH. Must be greater than or equal to \$0.00.
Repayment Plan Start Date	Required only if customer has entered into a repayment plan. Must be after agree date and cannot be a future date.
Repayment Plan End Date	Required only if customer has entered into a repayment plan. Required if Repayment Plan Start Date has value. Must be after Repayment Plan Start Date.
Repayment Plan Fee	Required only if customer has entered into a repayment plan. Fee charged to customer for administration of the repayment plan. Required if Repayment Plan Start Date has value.
Auto Close Hold	Optional if status is OPEN and date at time of load is currently on or after the Due Date or Extended Due Date if present. Must be blank if status is Open and date at time of load is currently before the Due Date or Extended Due Date if present. Must be blank if status is CLOSED. Only valid value is 'Y' to indicate the transaction should not be auto closed, or field may be blank.
Auto Close Hold Condition	Required if Auto Close Hold is 'Y'.

	Otherwise, must be blank. Valid values are "F" (Customer failed to make payment), "C" (Customer Check or ACH is clearing), or "R" (Customer Check or ACH has been returned).
--	---

Sincerely,

A handwritten signature in black ink that reads "Mark W. Weigold". The signature is written in a cursive, flowing style.

Mark W. Weigold, Manager
Consumer Finance Unit